Overall
Operating income for the first quarter is said to have progressed steadily in accordance with the plan. Was it in line with the plan, or a little ahead?

Overall, progress was basically in line, but in places performance was a little better than expected. In terms of each business segment, while the emerging markets motorcycle business was ahead of plan, developed markets businesses were a little behind plan. In particular, the launch of some new models in the developed markets motorcycle business segment was delayed by one to two months, so they missed the start of the season. Shipments are currently progressing steadily, and we are working on recovery from the second quarter onwards.

Had you forecast the effects of unrealized income at the start of the quarter? Next, should we understand that if shipments in the developed markets motorcycle business had not been delayed, income would have been even higher? Finally, please tell us if there were any business segments other than the emerging markets motorcycle business where performance was better than expected.

Negative effects of unrealized income of 4.0 billion yen were included in plans, and the amount of the effect was close to what was anticipated. The effect of delayed shipments in the developed markets motorcycle business has been ascertained at approximately 1.2 billion yen on an operating income basis. In terms of other businesses, IM and PAS notably exceeded expectations.

We would like your view on raw material costs. You budgeted for a factor decreasing income of 0.9 billion yen on a fiscal year basis, but it has appeared as a factor increasing income in the first quarter. What is your view given recent trends in raw material prices etc.?

We have recently been hearing about increases in the prices of iron/steel, aluminum, etc., and we have received information from our Procurement Center which indicates that trends may reverse towards cost increases, but we have not been able to ascertain the extent of the price increases at this stage.

Motorcycle Business Overall
We would like to ask about the progress in motorcycle sales. You have said that sales units in Indonesia were behind the scheduled plan, but that income met plan. You have also said that other regions are progressing ahead of plan. We would like to hear about the speed of progress, the rate of progress on an annual basis, and which countries are leading the improvement, etc.

Except for Indonesia, the progress of emerging markets met or exceeded plan. Sales are particularly healthy in Vietnam, the Philippines, and Brazil, and thanks to the effect of these sales increases, income slightly exceeded plan. Despite the market slump in Brazil, income moved into the black this quarter, and our view is that the effects of structural reform are starting to become apparent. In terms of developed markets, Japan and North America are within the expected range. Europe is slightly behind plan due to the effects of delayed launches of new models.

Emerging Markets Motorcycle Business
In the emerging markets motorcycle business, you have said that sales are good in Vietnam, the Philippines, and Brazil. Please tell us if progress also looks steady from the second quarter onwards, or if there was something in particular different about the first quarter? In addition, Thailand and Vietnam have seen significant increases in income, but we would like to know if this is thanks to volume scale expansion, or the fruits of structural reform?

Compared to the previous year, in Vietnam the category of high-value-added scooters such as the newly-launched AEROX showed a net increase, and we are confident that customers are transitioning to high-priced models. In the Philippines, our scooter market share is increasing, and we are working to maintain the position we have built up. In Thailand, launches of new high-value-added products such as the M-SLAZ and AEROX have been a hit, leading to increased sales and income. The increases in income in each region have been driven by new models incorporating platform cost reductions also being sales hits.
Please tell us about the situation regarding motorcycles in Indonesia. We understand that the beginning of the year was very tough both for the market and for Yamaha Motor, but on the other hand the emerging markets motorcycle business overall was ahead of plan, so this may mean that difficulties in Indonesia did not have that much effect on the overall picture. Please tell us about your outlook for the second quarter onwards, including your current inventory levels, the sales situation, and your measures for recovery from the second quarter onwards.

Total cumulative demand in Indonesia from January to March settled at approximately 1.25 million units, or 7% less than the previous fiscal year. Over the same period, Yamaha Motor wholesale sales decreased 20% to 286 thousand units. In terms of the breakdown of sales, low-priced scooters are struggling, whereas sales of high-priced scooters increased compared to the previous fiscal year. Yamaha Motor's market share increased considerably, and significant improvements in profitability have been made. Even including Vietnam, the Philippines, and Taiwan, Indonesia's portion of the emerging markets motorcycle business is still large, so we are continuing to make efforts towards recovery. On the other hand, we have considered that the decrease in total demand is temporary and been expecting a reversal in demand trends for two years or so. Given the spread and rate of motorcycle ownership, and the recent expansion in demand for automobiles, it may be necessary to change our view of the Indonesian market. We plan to continue to carefully watch this market.

You have said that sales of motorcycles in India met plan, but the business showed a small loss in the first quarter. We would like an update regarding the market and environment situation from the second quarter onwards, your plans for supply increase and new model launches, etc.

In India, on top of the high-denomination banknote issue last year, this year will see factors such as the change in emission standards (from BS3 to BS4) implemented at the end of March (sooner than anticipated), leading to a decrease in market size, but we expect to at least meet plan at the retail level. We believe that we have controlled our inventory by selling out almost all stock of our BS3 models by the end of March. In summary, we believe that our Indian business has smoothly transitioned from BS3 to BS4.

Marine Products Business
We note that income has decreased, but please tell us the actual state of business progress and the effects of unrealized income in the future.

The one-time effect of 4.0 billion yen in unrealized income explained with the stepped graph was almost entirely in the Marine Products Business. If this effect had not been present, we believe that the operating income of the Marine Products Business would have been 22.0 billion yen, with an actual strength of an operating income ratio of approximately 25%. This effect has been mostly exhausted in the first quarter, and we forecast that this effect will not appear from the second quarter onwards.

Regarding the U.S. Marine market, please tell us about the situation after the Miami International Boat Show and changes in consumer behavior due to factors such as the Trump Administration's tax reductions.

There is no change in the trend to larger outboard motors. Overall, both the number of registered boats and wholesale sales units are growing. Demand for multi-functional models in particular is growing, which is driving growth in sales of both boats and outboard motors. In terms of the Boat Show, the number of visitors exceeded 100,000, increasing by approximately 7% compared to the previous year. Perhaps encouraged by the Trump Administration, purchasing intention among high-income earners continues to be very healthy. We have strong expectations for the future as well.

Power Products
We believe that the overall operating income result of 0.7 billion yen is good given the ROV production adjustments. Please tell us about the relevant details.

Apart from the RV business, the Power Products business has seen improvements in multi-purpose engines, golf cars, and snowmobile products; particular improvements include sales increases in the multi-purpose engine business and a reduction in losses in the snowmobile business. On the other hand, the ATV and ROV business is in the red. However, ROV inventory has been reduced more than forecast.